

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2001-468-C - ORDER NO. 2002-603 *je*
AUGUST 28, 2002

IN RE: Application of Telegenius, Inc. for a)	ORDER
Certificate of Public Convenience and)	GRANTING
Necessity to Provide Non-Facilities-based)	CERTIFICATE FOR
Resold Interexchange Telecommunications)	LONG DISTANCE
Services within the State of South Carolina.)	AUTHORITY

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Application of Telegenius, Inc. (“Telegenius” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide non-facilities-based resold interexchange telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2001) and the Regulations of the Public Service Commission of South Carolina.

The Commission’s Executive Director instructed Telegenius to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Telegenius’s Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on July 11, 2002 at 10:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable Mignon Clyburn, Chairman, presided. Telegenius was represented by James W. Segura, Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff.

Kellie Webb, Assistant Secretary of Telegenius, appeared and testified in support of the Application. Webb testified that she has been involved with Telegenius since the inception of the Company on April 18, 2001 and previously served as President. She stated she recently became Assistant Secretary. The record reveals that Telegenius was incorporated in the State of Louisiana and has received authorization to transact business within the State of South Carolina. Upon receiving certification from the Commission, Telegenius intends to provide all forms of interexchange telecommunications services in the State of South Carolina including: Message Telephone Service, Wide Area Telephone Service, WATS-like services, Foreign Exchange Service, Private Lines, Tie Lines, Prepaid Calling Card services and other services and facilities of communications common carriers and other entities. The record reveals that Telegenius intends to provide non-facilities-based interexchange services to both residential and business class customers throughout the entire State of South Carolina.

Webb stated that Telegenius is currently certified and is providing long distance prepaid calling card services in almost all states of the United States with certification pending in approximately six to ten states. She said the Company currently offers only prepaid calling card services. She explained that Telegenius provides long distance

minutes to customers on prepaid calling cards, directly to end users and primarily to distributors who then sell them to retailers. She stated that Telegenius is aware of the Commission's surety bond requirement with regard to offering prepaid calling cards and stated that her Company is currently having bonds placed through the Hartford Insurance Company.

Ms. Webb testified that Telegenius has its principal office and headquarters in Metairie, Louisiana. She stated that Telegenius will arrange for its proposed services to be furnished using the transmission facilities of other certificated carriers to the extent permitted by the Commission and where consistent with applicable tariff regulations. According to Ms. Webb, Telegenius presently uses several different underlying carriers including Qwest Communications and Radiant and will use only certificated underlying carriers in South Carolina.

Regarding the Company's technical ability to offer telecommunications services in South Carolina, the record states that the Company has sufficient technical and managerial resources and abilities sufficient to provide non-facilities-based resold telecommunications services within the State of South Carolina. The record further states that Telegenius's management possesses experienced management, technical and operations expertise. She said she had gained experience in the telecommunications industry as a manager of the prepaid calling card department of another telecommunications company before she became affiliated with Telegenius. She testified that the Company's current president had previously operated the prepaid calling card department at Global Prepaid Alliance which merged with Telegenius on June 1, 2002.

She testified that the Company's name and toll-free customer service number will appear on the prepaid calling cards. She said that distributors have the opportunity to determine the graphics of the card they will distribute. She offered that Telegenius has 70-80 different customer service telephone numbers with the ability to give custom customer service numbers to distributors. Ms. Webb testified that one of the toll-free customer service numbers is 800-215-4922. As to the Company's customer service, Webb testified that a toll-free customer service will be available twenty-four hours a day, seven days a week. She said she will be the Company's regulatory contact person and that Maria Delgadillo is the manager of the customer service area.

As to Telegenius's managerial abilities to offer the services it proposes to offer in South Carolina, Webb testified that Telegenius possesses the managerial resources and abilities sufficient to provide non-facilities-based and resold interexchange telecommunications services in this state. She offered resumes for herself and Erika L. Hamburg-Brown, Director and President. Erika H. Brown's background includes telecommunications experience with responsibility for the day to day operations of prepaid programs, operating switch platforms and coordinating regulatory matters. She holds a Bachelor of Science degree in Communications from Florida State University. Ms. Webb previously served as manager of the prepaid division of Communications 2000, Inc. where she was responsible for overseeing all aspects of the prepaid CLEC division and supervised a staff of fifteen employees. Ms. Webb completed courses for an Associate degree in General Studies with a concentration in business from Delgado College.

In support of Telegenius's financial ability to provide the services it seeks to provide in South Carolina, Webb testified that Telegenius's business plan includes maintaining a certain amount of cash as liquid assets in the event it is needed for allocation to operational costs. She said the Company also has lines of credit with its banks. Ms. Webb testified that Amy Leblanc is the Company's financial contact person. She said the Company has sufficient financial capability to maintain the services to be offered. Webb affirmed the Company's obligation to file all reports required by the Commission by certain deadlines.

According to the Application and Webb's testimony, Telegenius requests a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976) so that Telegenius can maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its headquarters in Metairie, Louisiana. Webb stated that the Company is aware and agrees to abide by the Commission's regulation that requires that these records be made available for examination by the Commission at reasonable hours. Telegenius also requested that it be allowed to keep its books and financial records according to the Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA).

According to Webb, Telegenius has never had authority denied in any state where it has applied for authority nor has the Company had authority revoked in any state where it has been granted authority. Additionally, she said that Telegenius has never been the subject of an investigation, fined or sanctioned by a state or federal regulatory body. According to the testimony, Telegenius has not marketed its services in South Carolina

prior to receiving certification. Webb also testified that the Company has not received revenues from the completion of intrastate calls in South Carolina prior to receiving this certification. Webb said that Telegenius has never been the subject of an investigation, fined or sanctioned by a state or federal regulatory body. Finally, Webb testified Telegenius will abide by all the Commission's rules, regulations and Orders upon the Company receiving certification to operate as a reseller of intrastate interexchange telecommunications services in South Carolina.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Telegenius is organized as a corporation under the laws of the State of Louisiana and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. Telegenius operates as a non-facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.
3. Telegenius has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Telegenius to provide intrastate interLATA service and to originate and terminate toll traffic within the

same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Telegenius for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Telegenius shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. Telegenius shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff, which would be applicable to the general body of the Company's subscribers, shall constitute a general ratemaking proceeding and will be treated in

accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, Telegenius shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations. Further, Telegenius shall file a copy of its Bill Form as required by 26 S.C. Code Ann. Regs. 103-612.2.2 and 103-622.1 (1976) with its final Tariff.

5. Telegenius is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Telegenius shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Telegenius changes underlying carriers, it shall notify the Commission in writing.

8. Telegenius shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Telegenius shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing

annual financial information can be found at the Commission's website at www.psc.state.sc.us/forms. The title of this form is "Annual Information on South Carolina Operations for Interexchange Companies and AOS." This form shall be utilized by the Company to file annual financial information with the Commission. Commission gross receipts forms are due to be filed with the Commission no later than October first of each year.

9. Each telecommunications company certified in South Carolina is required to file annually the Intrastate State Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15th.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Telegenius shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at www.psc.state.sc.us/forms; this form shall be utilized for the provision of this

information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

11. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed annually.

If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, then the company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card. In addition, the Company shall include its name on the back of each of its prepaid calling cards.

12. With regard to the origination and termination of toll calls within the same LATA, Telegenius shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has

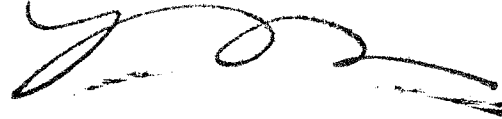
been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, the Company shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by order No. 93-462.

13. By its Application and testimony at the hearing, Telegenius requested a waiver from the Commission's requirement to maintain its books within the State of South Carolina according to 26 S.C. Code Ann. Regs. 103-610 (1976). The Commission grants the Company's request to waive the record keeping regulation so that its books and records may be kept at its principal office and headquarters in Louisiana. The Commission also grants Telegenius the opportunity to keep its books and records in accordance with GAAP rather than the USOA.

14. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

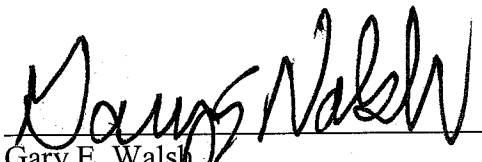
15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Mignon L. Clyburn
Chairman

ATTEST:



Gary E. Walsh
Executive Director

(SEAL)